

FISCAL IMPACT STATEMENT ON BILL NO. **H.3702, As Amended**
(Doc. No. 6504sj05)

TO:	The Honorable Robert Harrell, Chairperson, House Ways and Means Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Harry Bell		
DATE:	May 9, 2005	SBD:	2005480

AUTHOR:	Representative J. R. Smith	PRIMARY CODE CITE:	59-67-460
SUBJECT:	School Districts May Contract for Transportation Services		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
See Below

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
See Below

BILL SUMMARY:

House Bill 3702, as amended, would allow school districts to contract for all or any part of its transportation services. School districts would execute these transportation contracts and be responsible for payment of all sums due the provider.

EXPLANATION OF IMPACT:

School Districts that choose to contract for Transportation services under this Bill would receive a proportionate share of the current year's appropriations for such operations based on the previous year's expenditures. In addition, districts would, at their discretion, receive both those school buses and service vehicles assigned to the district in the previous year or the proceeds from the sale of those vehicles on a one-time basis. As a result there is no direct additional expenditure of state appropriations associated with enactment of this Bill. Transportation receipts (Other funds) and corresponding expenditures at the State Department of Education (SDE) may decline based on the number of districts that choose to contract.

SPECIAL NOTES:

Recurring state appropriations for school bus operations, including recurring bus purchase funds, total approximately \$77 million. For FY 2004-05 SDE anticipates using approximately \$15 million of non-recurring lottery proceeds for school bus transportation operations. Allocations to school districts that choose to contract for transportation services may fluctuate from year to year based on total appropriations (recurring and non-recurring). For FY 2005-06 the House of Representatives and Senate have recommended an additional \$18 million and \$22 million respectively for school bus purchases and/or operations.

Any potential impact on the districts depends on the individual contracts negotiated. Future allocations to the districts from the state may not compensate for increased operating costs. In addition, there are no state-owned and operated maintenance facilities in forty-five of the state's eighty-five school districts. The Bill does not address the disposition of those facilities located in districts that choose to contract for services.

Approved by:



Don Addy
Assistant Director, Office of State Budget